

**BOYS & GIRLS CLUB  
OF NATCHITOCHEs, INC.**

**ANNUAL FINANCIAL REPORT  
DECEMBER 31, 2004**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 9-14-05

Boys & Girls Club of Natchitoches, Inc.  
Annual Financial Report  
December 31, 2004

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# **Johnson, Thomas & Cunningham**

## **Certified Public Accountants**

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### **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of the  
Boys & Girls Club of Natchitoches, Inc.  
Natchitoches, Louisiana

We have audited the accompanying statement of financial position of the Boys & Girls Club of Natchitoches, Inc. (a nonprofit organization) as of December 31, 2004, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Club's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Boys & Girls Club of Natchitoches, Inc. as of December 31, 2004, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 14 to the financial statements, the Corporation's funding sources have decreased significantly during the last year. In fact, the Club has operated for several years under immense pressure to raise additional funds to meet its operating obligations. The Boys & Girls Club of Natchitoches, Inc. has also operated without an executive director since the end of the year due to budget restraints. These conditions raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also discussed in Note 14 to the financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 3, 2005, on our consideration of the Boys & Girls Club of Natchitoches, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations,

contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and *not to provide an opinion on the internal control over financial reporting or on compliance*. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

**Johnson, Thomas & Cunningham**

Johnson, Thomas & Cunningham, CPA's

August 3, 2005

Natchitoches, Louisiana

## FINANCIAL STATEMENTS

Boys & Girls Club of Natchitoches, Inc.  
Statement of Financial Position  
December 31, 2004

|                                |                  |
|--------------------------------|------------------|
| ASSETS:                        |                  |
| Cash                           | \$ 8,659         |
| Accounts Receivable            | 20,128           |
| Equipment                      | 32,806           |
| Less, Accumulated Depreciation | <u>(20,489)</u>  |
| Total Assets                   | <u>\$ 41,104</u> |
| LIABILITIES:                   |                  |
| Accounts Payable               | \$ 7,458         |
| Payroll Taxes Payable          | <u>8,197</u>     |
| Total Liabilities              | \$ 15,655        |
| NET ASSETS:                    |                  |
| Unrestricted                   | <u>25,449</u>    |
| Total Liabilities & Net Assets | <u>\$ 41,104</u> |

See notes to financial statements.

Boys & Girls Club of Natchitoches, Inc.  
Statement of Activities  
For the Year Ended December 31, 2004

Unrestricted Net Assets:

Unrestricted Revenues-

Grants-

|   |           |
|---|-----------|
| Dept. of Housing and Urban Development  | \$ 50,000 |
| Dept. of Social Services                | 28,366    |
| Dept. of Social Services-Teen Pregnancy | 69,795    |
| Northwest Law Mentoring                 | 7,039     |
| DOJ OJP                                 | 18,640    |
| BCGA                                    | 10,000    |
| City of Natchitoches                    | 25,000    |
| CASA                                    | 17,789    |

Miscellaneous-

|               |              |
|---------------|--------------|
| Fundraisers   | 40,182       |
| Contributions | 64,943       |
| Other         | <u>7,760</u> |

Total Unrestricted Revenues \$339,514

Expenses:

|                             |               |
|-----------------------------|---------------|
| Salaries & Related Expenses | \$287,186     |
| Office Supplies & Printing  | 10,006        |
| Program Expenses            | 29,417        |
| Telephone & Utilities       | 16,837        |
| Travel/Training             | 18,366        |
| Depreciation                | 5,410         |
| Insurance                   | 24,562        |
| Postage                     | 1,910         |
| Other                       | <u>21,605</u> |

Total Expense \$415,299

(Decrease) in Net Assets \$ (75,785)

Net Assets-Beginning of Year 100,152

Prior Year Adjustment 1,082

Net Assets-End of Year \$ 25,449

See notes to financial statements.

Boys & Girls Club of Natchitoches, Inc.  
Statement of Cash Flows  
For the Year Ended December 31, 2004

|   |                   |
|---|-------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>        |                   |
| Increase (Decrease) in Net Assets                   | \$(75,785)        |
| Adjustments to Reconcile Decreases in Net Assets    | -                 |
| To Net Cash Provided by Operating Activities-       |                   |
| Depreciation  | 5,410             |
| Increase in Payroll Tax Liabilities                 | 4,735             |
| Increase in Accounts Payable                        | 7,458             |
| (Increase) in Accounts Receivable                   | (20,128)          |
| Net Cash Provided by (used by) Operating Activities | <u>\$(78,310)</u> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>        |                   |
| Net Cash Provided by (used by) Investing Activities | \$ <u>0</u>       |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>        |                   |
| Net Cash Provided by (used by) Financing Activities | \$ <u>0</u>       |
| <b>CASH FLOWS FROM OTHER ACTIVITIES:</b>            |                   |
| Prior Period Adjustment                             | \$ <u>1,082</u>   |
| Net Cash Provided by (used by) Other Activities     | \$ <u>1,082</u>   |
| Net (Decrease) in Cash                              | \$(77,228)        |
| Cash-Beginning of Year                              | <u>85,887</u>     |
| Cash-End of Year                                    | <u>\$ 8,659</u>   |
| <b>Required Supplementary Information:</b>          |                   |
| Interest Paid During the Year                       | \$ <u>0</u>       |

See notes to financial statements.

Boys & Girls Club of Natchitoches, Inc.  
Statement of Functional Expenses  
For the Year Ended December 31, 2004

|  |                  |
|--|------------------|
| CASA-                                      |                  |
| Postage                                    | \$ 170           |
| Other                                      | <u>979</u>       |
| Total                                      | \$ <u>1,149</u>  |
| City of Natchitoches-                      |                  |
| Insurance                                  | \$ 292           |
| Salaries                                   | 15,429           |
| Payroll Taxes                              | <u>1,180</u>     |
| Total                                      | \$ <u>16,901</u> |
| Dept. of Social Services-                  |                  |
| Insurance                                  | \$ 473           |
| Salaries                                   | 25,425           |
| Payroll Taxes                              | 1,945            |
| Postage                                    | 150              |
| Supplies                                   | <u>373</u>       |
| Total                                      | \$ <u>28,366</u> |
| Department of Housing & Urban Development- |                  |
| Insurance                                  | \$ 167           |
| Salaries                                   | 9,869            |
| Payroll Taxes                              | 755              |
| Office Supplies & Printing                 | 3,234            |
| Telephone & Utilities                      | <u>1,361</u>     |
| Total                                      | \$ <u>15,386</u> |
| Northwest Law Mentoring-                   |                  |
| Insurance                                  | \$ 114           |
| Salaries                                   | 5,387            |
| Payroll Taxes                              | <u>412</u>       |
| Total                                      | \$ <u>5,913</u>  |

Continued next page.

See notes to financial statements.

Boys & Girls Club of Natchitoches, Inc.  
Statement of Functional Expenses (continued)  
For the Year Ended December 31, 2004

|                                      |                  |
|--------------------------------------|------------------|
| OJP-                                 |                  |
| Insurance                            | \$ 364           |
| Salaries                             | 16,977           |
| Payroll Taxes                        | <u>1,299</u>     |
| Total                                | \$ <u>18,640</u> |
| Department of Social Services 03/04- |                  |
| Insurance                            | \$ 767           |
| Salaries                             | 41,912           |
| Payroll Taxes                        | 4,355            |
| Postage                              | 53               |
| Supplies                             | 2,874            |
| Supplies – Teen                      | 1,089            |
| Travel/Lodging                       | <u>578</u>       |
| Total                                | \$ <u>51,628</u> |
| Department of Social Services 04/05- |                  |
| Insurance                            | \$ 138           |
| Salaries                             | 7,498            |
| Payroll Taxes                        | 778              |
| Supplies                             | 310              |
| Supplies - Teen                      | <u>518</u>       |
| Total                                | \$ <u>9,242</u>  |
| Fundraisers-                         |                  |
| Sport Banquet Expenses               | \$ 2,581         |
| Advertising                          | 42               |
| Celebrity Chef Expenses              | 1,466            |
| Postage                              | 200              |
| River Run Expenses                   | 271              |
| Steak & Burger Expenses              | <u>3,873</u>     |
| Total                                | \$ <u>8,433</u>  |

Continued next page.

See notes to financial statements.

Boys & Girls Club of Natchitoches, Inc.  
Statement of Functional Expenses (continued)  
For the Year Ended December 31, 2004

|                            |                  |
|----------------------------|------------------|
| Operations-                |                  |
| Activities                 | \$ 824           |
| Advertising                | 46               |
| Meeting                    | 220              |
| Vehicle Expense            | 685              |
| Bank Service Charges       | 151              |
| Computer Supplies          | 456              |
| Copy Machine               | 2,599            |
| Dues & Subscriptions       | 4,879            |
| Insurance                  | 22,247           |
| Legal & Accounting         | 5,560            |
| Licenses & Fees            | 5                |
| Meals                      | 226              |
| Miscellaneous              | 13,044           |
| Office Supplies & Printing | 9,990            |
| Postage                    | 1,337            |
| Payroll & Related Expenses | 139,985          |
| Payroll Taxes              | 13,981           |
| Depreciation               | 5,410            |
| Pest Control               | 213              |
| Supplies                   | 4,518            |
| Telephone/Utilities        | 15,477           |
| Travel & Lodging           | <u>17,788</u>    |
| Total                      | <u>\$259,641</u> |
| Total Expenses             | <u>\$415,299</u> |

See notes to financial statements.

## NOTES TO FINANCIAL STATEMENTS

Boys & Girls Club of Natchitoches, Inc.  
Notes to Financial Statements  
December 31, 2004

1. The Reporting Entity:

Boys & Girls Club of Natchitoches, Inc., was incorporated as a non-profit organization on April 27, 1989, under the laws of the State of Louisiana. The corporation was formed as a youth service agency to provide behavior guidance and to promote the health, social, educational, vocational and character development of youth in the city of Natchitoches and surrounding areas within the parish, with special concern for those from disadvantaged circumstances.

The corporation operates under a twenty-one member Board of Directors and is affiliated with the national organization, Boys and Girls Clubs of America, which assists the local clubs with fundraising, marketing, and training. The average number of youth participating in the Club is approximately 2,020 per year.

2. Summary of Significant Accounting Policies:

The accounting and reporting policies of Boys & Girls Club of Natchitoches, Inc. conform to generally accepted accounting principles as applicable to non-profit organizations, and are applied on a consistent basis between periods.

The following is a summary of certain significant accounting policies and practices:

- A. Financial Statement Presentation - The Club has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Club is required to present a statement of cash flows. As permitted by the statement, the Club has discontinued its use of fund accounting.
- B. Basis of Accounting - The Club uses the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized when the related fund liability is incurred. Purchases of various operating supplies are regarded as expenditures at the time purchased.
- C. Budgets and Budgetary Accounting - The Boys & Girls Club is not required to adopt a budget. Accordingly, no budget comparisons have been presented.
- D. Fixed Assets - Depreciation on all exhaustible fixed assets is charged as an expense against the operations of the Club. Assets are shown at cost. Depreciation has been provided over the estimated useful lives using the straight-line method. Accumulated depreciation at December 31, 2004, was \$20,489.

Boys & Girls Club of Natchitoches, Inc.  
Notes to Financial Statements  
December 31, 2004

- E. Unpaid Accumulated Vacation Pay - Employees of the Club may not carry forward unused vacation or sick time. Therefore, no accrual has been made for such pay.
- F. Cash Equivalents - For purposes of cash flows, cash equivalents include all highly liquid deposits and debt instruments acquired with maturities of three months or less.
- G. Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
3. Changes in Fixed Assets:

The following is a summary of changes in fixed assets for the Club for the year ended December 31, 2004:

|                       | Balance<br>1-1-04 | Additions | Deletions  | Balance<br>12-31-04 |
|-----------------------|-------------------|-----------|------------|---------------------|
| Machinery & Equipment | \$32,806          | \$0       | \$ 0       | \$32,806            |
| Autos & Trucks        | 27,999            | 0         | (27,999)   | 0                   |
| Totals                | \$60,805          | \$0       | \$(27,999) | \$32,806            |

4. Retirement Commitments:

The Club has no retirement plan for its employees.

5. Lease Commitments:

There were no leases in effect during 2004.

6. Compensation Paid to Board Members:

The members of the Board of Directors receive no compensation for their services.

7. Cash and Investments:

At December 31, 2004, cash and cash investments (bank balance) totaled \$8,659. The amounts held in commercial banks were fully insured by FDIC.

Boys & Girls Club of Natchitoches, Inc.  
Notes to Financial Statements  
December 31, 2004

8. Prior Period Adjustment:

For the year ended December 31, 2003, a disclaimer of opinion was issued as the Club did not reconcile its bank statements or its asset inventory. For December 31, 2004, this has resulted in a prior year adjustment of \$1,082.

9. Income Taxes:

The corporation applied for and received tax-exempt status under I.R.C. section 501(c)(3). Accordingly, the Club pays no income taxes.

10. Unrestricted Net Assets:

None of the net assets are subject to donor-imposed restrictions. Accordingly, all net assets are accounting for as unrestricted assets under SFAS No. 117.

11. Contributions:

The Boys & Girls Club of Natchitoches, Inc. has also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made". Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor imposed restrictions. However, as disclosed above, there were no donor-imposed restrictions during the year ended December 31, 2004.

12. Government Grants:

Government grants consist of the following:

|   |                  |
|---|------------------|
| Department of Housing and Urban Development | \$ 50,000        |
| Department of Social Services               | 98,161           |
| Department of Justice                       | <u>18,640</u>    |
| Total                                       | <u>\$166,801</u> |

13. Commitments and Contingencies:

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Boys & Girls Club of Natchitoches, Inc. expects such amounts, if any, to be immaterial. Also, a liability for findings and questioned costs is not established until final disposition of such matters by the funding agency. In addition, the

Boys & Girls Club of Natchitoches, Inc.  
Notes to Financial Statements  
December 31, 2004

City of Natchitoches has indicated that it is owed approximately \$27,000 from the Boys & Girls Club, Inc. as reimbursement for the salary paid to the Club's executive director in 2003. It is the opinion of the Club's management that this amount will not have to be paid to the City. Accordingly, no provisions have been made in the financial statements for this liability.

14. Going Concern:

The Club's funding sources have decreased significantly in the last year resulting in an operating deficit of \$75,785. Cash flows from operations are basically the same and the Club has been under immense pressure to raise additional funds. The Club has operated without an executive director since the end of 2004 and in the last year, closed two of its five locations. These conditions raise significant doubt about the Club's ability to continue as a going concern for a reasonable period of time.

Management has identified two areas to improve its financial condition. In addition to the cost savings by closing two locations, the Club has initiated a broad fundraising campaign in association with the national organization. This campaign, titled "One Giving" seeks to attract large one-time charitable gifts from individuals and other organizations. This uniform strategy was implemented in many clubs throughout the country. The overall goal is to increase private section donors in order to offset current and future operating expenses.

## INTERNAL CONTROL AND COMPLAINTS

**Johnson, Thomas & Cunningham**  
**Certified Public Accountants**

Eddie G. Johnson, CPA – A Professional Corporation (1927-1996)

Mark D. Thomas, CPA – A Professional Corporation  
Roger M. Cunningham, CPA – A Professional Corporation

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of the  
Boys & Girls Club of Natchitoches, Inc.  
Natchitoches, Louisiana

We have audited the financial statements of the Boys & Girls Club of Natchitoches, Inc. (a nonprofit organization) as of and for the year ended December 31, 2004, and have issued our report thereon dated August 3, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Boys & Girls Club of Natchitoches, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Boys & Girls Club of Natchitoches, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*

which is described in the accompanying Schedule of Findings and Questioned Costs as item 2005-01. This report is intended solely for the information and use of the audit committee, management, Board of Trustees, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

**Johnson, Thomas & Cunningham**

Johnson, Thomas & Cunningham, CPA's

August 3, 2005

Natchitoches, Louisiana

Boys & Girls Club of Natchitoches, Inc.  
Schedule of Prior Year Findings  
Year Ended December 31, 2004

Compliance

2003-01 *Condition-*

The Boys & Girls Club of Natchitoches, Inc. failed to submit their annual financial statements within the required time period.

*Current Status-*

For the year ended December 31, 2004, the Club did not submit their annual financial statement within the required time period and appears as finding 2004-1.

2003-02 *Condition-*

The Boys & Girls Club of Natchitoches, Inc. entered into prohibited transactions with a business owned by a member of the Board of Directors.

*Current Status-*

This condition is cleared at December 31, 2004 and was subsequently deemed not a violation by the Louisiana Ethics Board.

Internal Control

2003-03 *Condition-*

The Club's accounting system is not adequate to meet the needs required for financial reporting.

*Current Status-*

This condition is cleared at December 31, 2004.

Boys & Girls Club of Natchitoches, Inc.  
Schedule of Findings & Questioned Costs  
Year Ended December 31, 2004

Compliance

2004-01 *Condition-*

The Boys & Girls Club of Natchitoches, Inc. failed to submit their annual financial statements within the required time period. This is a repeat finding from 2003.

*Criteria*

Louisiana Revised Statutes require the Boys & Girls Club of Natchitoches, Inc. to submit annual financial statements to the Louisiana Legislative Auditor within six (6) months of the end of its fiscal year.

*Effect*

The Boys & Girls Club of Natchitoches, Inc. is in violation of the Louisiana Audit Law.

*Cause*

The Club was unable to gather and provide the necessary information to the auditor in an appropriate time.

*Recommendation*

We recommend that the Club have all of its financial records completed and made available to its auditors within 45 days of its fiscal year end.

*Reply*

See Corrective Action Plan.



**BOYS & GIRLS CLUBS  
OF NATCHITOCHES**

**Boys & Girls Clubs  
of Natchitoches**  
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**MANAGEMENT'S CORRECTIVE ACTION PLAN**

Johnson, Thomas & Cunningham, CPA's 321 Bienville Street  
Natchitoches, LA 71457

The following is our corrective action plan for the finding reported in our report dated December 31, 2004:

**Finding:** The Boys & Girls Club of Natchitoches, Inc. failed to submit their annual financial statements within the required time period.

**Current:** The Club will initiate procedures to ensure that all required documentation is resubmitted to the auditors within 45 days after the end of this year. In addition, the Club is in the process of hiring a new Executive Director which will assist in ensuring that financial reports are provided in a more timely manner.

  
Norwood Jackson, III  
President